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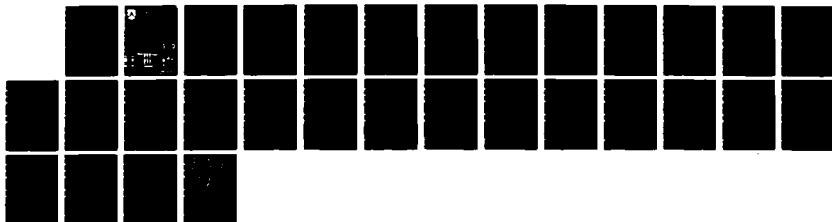
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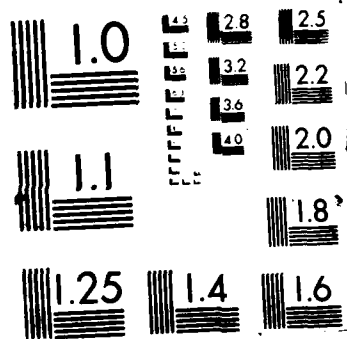
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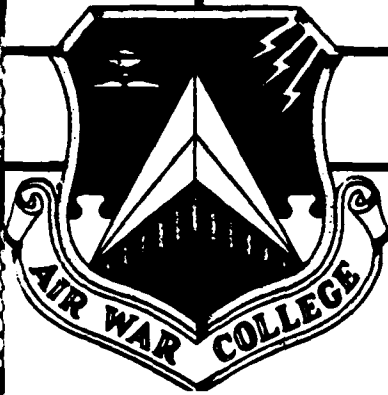
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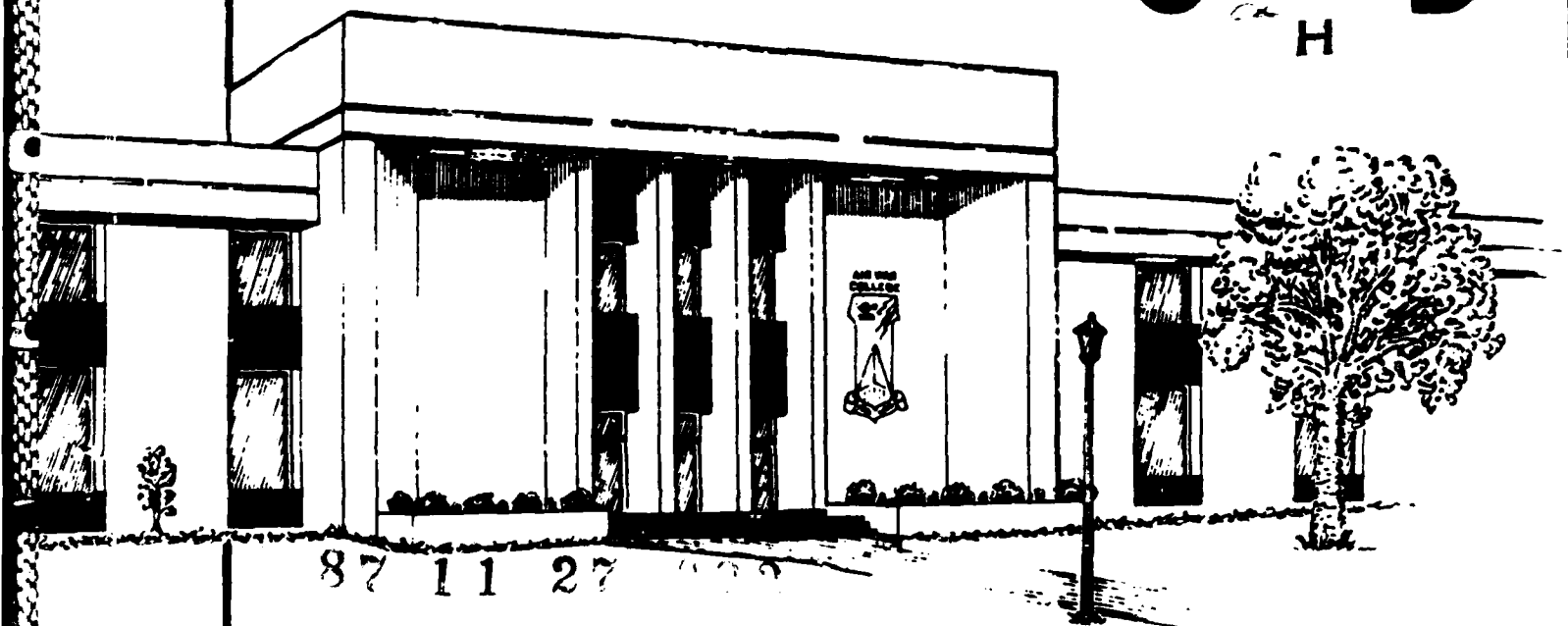
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THE NAVY'S AVIATION RETENTION BONUS:
RETENTION TOOL OR WASTE OF MONEY?

By CAPTAIN JERRY A. WEBER, USNR

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Jerry A. Weber
Captain, USNR

A RESEARCH REPORT SUBMITTED TO THE FACULTY
IN
FULFILLMENT OF THE RESEARCH
REQUIREMENT



Thesis Advisor: Colonel Cecil Robbins

MAXWELL AIR FORCE BASE, ALABAMA

FEBRUARY 1987

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AIR WAR COLLEGE RESEARCH REPORT ABSTRACT

TITLE: The Navy's Aviation Continuation Bonus:
Retention Tool or Waste of Money?

AUTHOR: Jerry A. Weber, Captain, USNR

Pilot retention has traditionally been a problem for the services, especially when the airlines are hiring. This paper looks at the retention problem; its causes and some of the attempted cures. The Navy's aviation continuation bonus, instituted to deal with low retention is analyzed and its pluses and minuses are discussed. Comparisions with Air Force retention are made, both in low and high airline hiring periods. Conclusions are reached and recommendations are made concerning retention incentives.

BIOGRAPHICAL SKETCH

Captain Jerry A. Weber, USNR (B.S. South West Texas State University) made two carrier combat deployments as an F-8 fighter pilot and also served as an instructor pilot in the Advanced Training Command. He then became a Training and Administrator of Reserves (TAR) officer specialist and had subsequent tours with Naval Reserve aviation activities. Captain Weber is a graduate of the Armed Forces Staff College and completed a joint tour at CINCLANT staff. Captain Weber is a graduate of the Air War College, class of 1987.

THE NAVY'S AVIATION RETENTION BONUS:
RETENTION TOOL OR WASTE OF MONEY?

INTRODUCTION

PILOT RETENTION HITS THE SKIDS! AIRLINES HIRING AT RECORD RATES! These and similar headlines greet us regularly lately from Navy Times, Air Force Times and Aviation Week Space Technology magazine. Pilot retention has been a problem for years. The loss of skilled pilots between their sixth and tenth year of service is once again on the increase, with the possibility of becoming a critical personnel matter as it was in the late 1970's. This drain of experienced aviator manpower effects service readiness, personnel assignment flexibility, and training capabilities.

Many surveys of pilots leaving the services have been taken and these surveys usually indicated that money was not the prime factor for a pilot leaving.(1:63) Service studies on how to remedy the situation have also been completed. The solution most often proposed was an increase in the aviation incentive pay (flight pay) or a bonus for extension of obligated service. Congress was finally convinced of the importance of the aviator shortage and authorized a continuation bonus and a 25 percent increase in flight pay to be effective in fiscal year (FY) 1981. However, Congress did not provide any funding for the bonus until the 1981 Supplemental Appropriation Bill granted \$55 million for that purpose. The Navy and Marines began paying

million for that purpose. The Navy and Marines began paying the bonus immediately on July 1, 1981, but the Air Force chose not to pay a bonus.

The aviation continuation bonus, known officially as Aviation Officer Continuation Pay (AOCP), has had some positive effect in Navy and Marine Corps pilot retention over the past five years, but I believe the state of the economy and airline hiring cycles have had a larger influence on pilot retention. I also think that part of the money spent on the bonus has been wasted by being paid to the wrong people. The bonus has also not resulted in a percentage increase in historical Naval service retention rates as compared to historical Air Force rates. I intend to develop these positions in my paper and to hopefully prove that the continuation bonus has not been the pilot retention panacea sought by the Navy, in fact it may very well be a financial "boondoggle".

WHAT IS THE AVIATION CONTINUATION BONUS?

Quite simply, the bonus is a sum of money paid to an aviator to extend his period of obligated service for a certain period of time. Congress approved the Department of Defense plan to allow the services to pay a bonus to both pilots and navigators between their 6th and 18th year of service. Congress also expressed the opinion that the bonus was not the proper solution to the long-term retention problem. Since they felt it was short range at best, they

established only a 15-month trial period from 1 July 1981 to 30 September 1982. If the results justified a longer period, then Congress would consider extending the bonus cutoff date or passing more appropriate permanent legislation.(2:10) The services contributed to this thinking when Admiral Baldwin, then Deputy Chief of Naval Operations for Manpower, Personnel, and Training, testified before the Senate Armed Services Committee in the Spring of 1980. He stated that the bonus was the short-term solution because "it is a sizeable lump sum right now addressing the current very critical situation".(3:1525) He also felt that increased flight pay was the longer-term solution, because it would provide the incentive to attract quality people and retain them.(3:1568)

The Navy's position was that both a continuation bonus and an increase in flight pay were needed to solve the aviator retention problem, and it began paying the bonus on 1 July 1981. The Navy's original schedule for the bonus is as shown in the following table:

Years of Aviation Service	Years of Obligated Service	Maximum rate (months of basic pay)
6 but less than 9	4	16 (4 per year)
6 but less than 9	3, 2, 1	3 per year
9 but less than 12	4, 3, 2, 1	3 per year
12 but less than 13	4, 3, 2, 1	2.5 per year
13 but less than 14	3, 2, 1	2.5 per year
14 but less than 15	2 or 1	2 per year
15 but less than 16	1	1

(4)

As can be seen from the previous schedule, the Navy's intent was that the maximum money would go to the most junior who obligated for the longest time. And rightly so. Also it is evident that no one could get paid any bonus past his 16th year. This schedule was to be modified several times by the Navy, usually at the urging of Congress. I will cover these changes later.

The Air Force was less convinced of the need for a bonus and, in fact, they had some real reservations about its desirability. The Air Staff's opposition to the bonus was based on several considerations. They felt it would lead to the creation of a professional "aviator corps" and to possible pay inversions between juniors and seniors; be subject to Congressional "targeting" according to type of mission, pilot versus navigator, etc; and in general create more of a manpower management problem.(5) The Air Force also felt the bonus was a short-term answer at best and increased flight pay was the long-term need. When it became apparent that the administration would not support another increase in flight pay until the retention effects of actions already taken were determined, the Air Force began to back the bonus proposal.(6:1)

The Air Force plan or schedule for the bonus was similar to the Navy plan, but different as follows:

Years of Aviation Service	Bonus per year Length of an Agreement		
	2 years	3 years	4 years
More than 6, less than 10	\$3600	\$4200	\$4800
More than 10, less than 12	2600	3200	3800
More than 12, less than 14	1800	2400	3000
More than 14, less than 16	1200	1800	2400

(6:1)

The Air Force also planned for the most money to go to the junior personnel obligating for the longest time. But, its plan would have enabled a 15 year aviator to draw \$2400 a year through his 19th year--clearly a waste. When the bonus was authorized and funds finally appropriated however, the Air Force chose not to pay the bonus because its share of the funds did not allow for full funding of its proposed program. (7)

WHY THE CONTINUATION BONUS?

As previously stated, the continuation bonus was chosen as the means to turn around the low rate of retention among service pilots. How serious this had become is demonstrated in a General Accounting Office (GAO) report to Congress in 1980 that showed the Air Force, Navy and Marines together being short about 12 percent of their pilot requirements. (8:3) The Navy, in fact, was 24 percent short because of pilot and navigator losses that increased from 323 total in 1976 to 659 in 1978, and rose even further to

848 in 1979.(8:8) This unsatisfactory situation had reached the point that a Capt F.E. O'Conner wrote in a spring '79 article in the Wings of Gold magazine that aviator retention had dropped so low that the Navy would not be able to meet its aviator requirements in the short term and there probably would be continuing shortages in the long term.(9:8)

The combination of these losses and a lower than planned pilot training rate (PTR) for the previous five years had caused a shortage of 2600 Navy pilots. The low PTR was blamed for 1018 of the 2600 Navy shortages.(8:9) The reasons for the low PTR were a shortage of qualified instructors, due to low retention in the prime instructor assignment time frame (5 to 8 years of service), and a shortage of training aircraft.(8:10) GAO felt that the Navy had partially rectified this situation through increased instructor assignments, soliciting recalls to active duty from previously released pilots (200 in 1979), and acquiring new training aircraft--the T-44 and T-34C.(8:9-10) In addition to these improvements, GAO felt that a bonus was also necessary to bring retention back up to a satisfactory level. They stated that the bonus was better than an increase in flight pay because it could be selectively targeted at those people of primary interest, whereas an increase in flight pay went to everyone in flight status and spent (read "wasted") money not affecting retention. They

also pointed out that the services had previously enjoyed success with bonuses for doctors and nuclear-qualified officers.(8:4-5) This position gained further strength from a Center for Naval Analyses study, completed in February 1980, that showed that a retention bonus would be more effective--and cheaper--than an increase in flight pay. The study showed that a bonus of \$7000 annually for six years provided a greater retention factor (.514) than did a 100 percent increase in flight pay (.352) and at a cost which is \$8 million dollars less annually.(10:15)

This same study also took an in-depth look at some of the factors that were thought to influence pilot retention. Items investigated were airline pilot hiring; differences between airline, civilian, and Navy pay; Vietnam aviation casualties; and the number of hours flown by Navy pilots. While all were felt to have some impact on retention, airline pilot hiring and the pay differential over a career span were determined to have the greatest impact.(10:vii) Graphing the study statistics showed that retention percentages rose and fell in direct relationship to airline pilot hirings and stayed relative level as hirings leveled out.(10:3-5)

It should be pointed out at this time that airline hiring tendencies generally follow economic patterns as a whole. So that when the economy is booming more people are flying and the airlines are hiring. But when things start

slowing down not only do airline jobs dry up, so do other job opportunities in the general economy; thus pilot retention goes up along with overall retention.

Several other studies--some formal, some informal--have also examined retention influences. One, conducted by the editors of Naval Aviation News, was an informal survey of Navy pilots at several east and west coast Naval Air Stations in October 1979. When queried as to their reasons for getting out of the Navy, most pilots gave the following reasons: family separation, not enough pay, airline hiring, and lack of job satisfaction.(11:8-10) An article in the October '78 Armed Forces Journal International declared that U.S. Air Force surveys of pilots and navigators leaving the service showed that most did so primarily because of an increased sense of insecurity concerning their future military service. This insecurity related to future benefits, assignments, and promotions.(12:28) These factors were still evident in an Air Force Military Personnel Center "Officer Exit Survey" conducted between July and December 1980. The major contributors to a pilot's leaving were little say in future assignments, unsatisfactory future assignments (non-flying jobs), and higher pay in civilian job (over the long term).(13) Interesting enough, most had been favorably impressed with their time in service up to that point; it was their future that worried them. It is necessary to

remember that this was during the Carter Administration when the defense budget was under considerable attack and Congress was looking at ways to change the military retirement system. Also the military had not yet regained the popularity it was to later enjoy under the Reagan Administration nor had the general surge in the countries patriotic fervor come about.

Obviously, something had to be done and the services felt money was one of the answers. Giving pilots more money would make the irritants easier to live with while granting the services more time to correct those irritants. A recession in 1981 and '82 and a resulting fall off of airline hiring did not hurt either.

HOW IS THE BONUS DOING?

The bonus' initial results were exciting. A memorandum for the Chief of Naval Operations (CNO) gave a status report as of 11 September 1981 which showed that 74.3 percent of the 6800 officers eligible for the bonus had applied for it, and 55.7 percent of these had applied for the four-year option, which meant they had between 6 and 13 years of service.(14) Using the Navy's figures for training cost (in then 1981 dollars, \$759,000 for pilots and \$508,000 for Naval Flight Officers [NFO] from beginning flight training to check out in fleet aircraft) it was found that the bonus program had saved a training cost investment of \$2.8 BILLION while costing only \$23.7 MILLION.(15) More

important, the combined experience level saved could never be replaced by newly trained replacement pilots.

As impressive as the early statistics were, they needed closer analysis before it could be said that the retention tide had turned. Using the chart from the CNO status report, it was plain that 49 percent of those applying for the bonus were already in their 11th to 15th year of service and could, therefore be reasonably expected to continue with their careers even without a bonus. This appears to have resulted in a waste of a large amount of the early bonus money. This statement is reinforced by a GAO report in August, 1982 on Navy retention and the aviation bonus in particular. They were highly critical of the manner in which the bonus had been administered. GAO faulted the Navy for failing to use the bonus selectively. They also said that more than \$80 million of the \$103 million spent by the Navy and Marine Corps on aviation bonuses in 1981 had been wasted on officers not in critical shortages or with enough longevity that retention was not a problem. The breakdown of the \$81.6 million wasted fell into the following three categories:

- *\$27.9 million for Navy pilots past their ninth year of service where no retention problem exists.

- *\$28.7 million on naval flight officers, a speciality where no critical shortage exists and retention has been averaging 90% throughout their careers.

- *\$25 million for Marine Corps pilots and naval flight officers who were at grade levels where surpluses actually existed.

Navy officials counter that selective use of the bonus program would have adverse impact on morale if one

group, such as pilots, who were paid the bonus, were on the same mission with another group, such as naval flight officers, who were not....Continuing the bonus past the tenth year was seen as necessary to avoid having aviators reject the program at their sixth year because of an expected pay cut after the bonus expired.

A typical married lieutenant commander pilot living in Norfolk, Va. would earn \$44,067 in his ninth year with the bonus and \$39,154 in his tenth without it.(16:50)

During this same time frame, Navy figures indicated that the number of aviation (pilot and NFO) resignations submitted had been falling as follows:

	FY79	FY80	FY81
number submitted	835	639	607
number withdrawn	80	132	119

(14)

Figures obtained from the Air Force Military Personnel Center indicate a similar trend in Air Force pilot losses during that same timeframe. Voluntary losses in the critical 6-11 years of service group went from a high of 1731 in '79 to 1128 in FY80 to 698 in FY81.(17)

The above figures indicate that the 11.7 percent pay increase, 25 percent flight pay hike, and variable housing allowance, all effective 1 October 1980, were beginning to have positive effects. External factors, such the economic picture of 1980 and '81 and the sharp drop-off in airline hiring in 1980 were also powerful influences on aviation retention.

A further boost to retention was probably given by an article in the Air Force Times in January 1981 that

published results of interviews with executives of 11 major airlines. All of the executives agreed the airline hiring situation would be very tight until at least sometime in 1982 and some said they had no plans to hire until 1983. They said the only hiring would be done by new up-start airlines where salaries were much lower than in the established lines. For example; \$30,000 annually for a Midway Airlines DC-9 captain verses \$80,000 for a Republic Airlines DC-9 captain.(18:2)

An additional impact on airline hiring was caused by the air traffic controller's strike of 3 August 1981. The traffic slowdown that resulted from the required rebuilding of the air traffic control system forced airlines to not only delay recalling furloughed pilots but also to cancel several scheduled classes for new-hires. The following numbers illustrate this impact:

Month	#New Hires	Recallees	# On Furlough
June	137	84	3767
July	151	75	3705
August	90	6	4041
September	37	89	4166
October	7	--	4280

(19:199-201)

Almost all of the new hires in 1981 were taken on by the newer, rapidly-expanding, discount airlines; such as People Express, Air Florida, New York Air, Midway Airlines etc. Most of the major airlines were furloughing pilots, especially in late 1981. Airline hiring went from a total of 3300 in 1979 to about 850 in 1980 to 1080 in 1981.(20:84)

The charges brought by GAO plus the other considerations of higher retention rates and poor economy I believe lead Congress not to approve additional funds for any new signups for the bonus program in FY 83. An article in Navy Times put it in more of a "catch-22" situation though. Navy officials said no money for AOCP was included in the FY 83 budget request because the bonus program was under question at the time of the budget submission. Congress said if funds were not requested then they were not going to provide supplemental funding for the program.(21:1) It appears the Navy was either counting on the AOCP program being cancelled or depending on the good graces of Congress to fund it. It is interesting to note from the table in the Appendix that the Navy, along with the Air Force, enjoyed its best year of retention in a long time in a year when the bonus was not available--FY 83!

Part of the reason for this excellent retention was found in surveys being conducted of people who were opting to stay in the service. These surveys listed job satisfaction and patriotism as the leading reasons for staying in the service.(22:12) Obviously, some of the people programs and pay raises of the early 1980's were having positive effects. The reason that retention was high in 1983 even though airline hiring more than doubled from 1982 is explained by the fact that retention usually lags airline hiring cycles by about six to nine months. Reasons

for the lag are that it takes a while for the word to spread that the airlines are hiring, or not hiring, and then after a letter of resignation is submitted, it usually takes about six months to get out. Also, the airlines will not normally interview or hire anyone who is still on active duty.

The flush of this retention success was probably partially responsible for a study report published by the Fifth Quadrennial Review of Military Compensation staff in 1983. This report on Aviation Career Incentive Pay (ACIP) or flight pay said that ACIP was necessary to attract and keep enough aviators in the service. It went on to say that the rate of ACIP then being paid--the same as today--was sufficient to keep the service aviator inventory at the then good levels at least through FY 1987. (23:28) This statement later proved to be somewhat shortsighted. The report went on to recommend that the Navy continue to pay its aviation bonus in order to retain enough pilots to meet its expanding fleet requirements.

FY-84 saw a decreasing rate of sign-ups for AOCIP and I believe this was caused primarily by two factors. One was the large increase in airline hiring that started in 1983 and continued into 1986 and the other was a change in the rules for the AOCIP program. The Navy changed the bonus program, at the urging of Congress, in 1984 to the following parameters:

- * Only 3, 4, or 6 year continuation obligation available
- * Had to be between 6 and 10 years service

- * Could not have participated in any previous bonus
- * Six year continuation only available to personnel with less than 7 years active duty
- * Payments were \$4000 per year for 3 year obligation, \$6000 per year for 4 and 6 year obligation.

(24)

In FY 85, the AOCF program was further modified to the following:

- * Bonus no longer available to P-3 pilots/NFOs
- * Marines were no longer eligible at all
- * Lump sum payment was available to all carrier-based, tailhook equipped aircraft crews

(24)

These latest changes finally targeted the retention effort and dollars where they should have been all along. The six to seven year point is usually when a pilot's obligated service time is expiring and he is at a critical career decision point. The lure of a big buck bonus just might sway him to stay in the service, especially if he compares his pay to what he will receive as a new airline pilot--roughly about \$1000 a month for the first year. However, after three to five years the airline pilot will have caught up to the Navy pilot. At 16 years of naval service, a pilot will be a junior O-5 and if stationed in Norfolk will draw about \$5500 per month in pay and allowances. At the same point, six years service and 10 years with an airline, he would make between \$4800 and \$9500 per month depending on what airline he was with. (25:8)

Carrier based, tailhook equipped aircraft have always had a retention problem while the P-3 and helicopter communities have traditionally enjoyed good retention as

have NFO's of all communities. Since the main gripe or reason for leaving the Navy has usually been family separation and carriers with their six months plus "cruises" are a major cause of family separation, then it makes sense to target these folks. While I cannot support bonus dollars for any NFO because of high retention rates, I can see the Navy point of view toward tailhooker NFO's. The Navy's premise is that the crews (pilot and NFO) of F-14, A-6, S-3, and E-2 aircraft work as a team and that both members of a team should be treated as equal for bonus purposes. To do otherwise would impact on the morale and effectiveness of the team. This appears to be a logical argument but also seems to be "reaching" somewhat to justify continuing the bonus for the NFO's.

As is shown by the table in the Appendix, the retention percentages for both the Navy and Air Force dropped from highs in 1983 of 58 and 78 respectively, to 53 and 59 in 1985 while at the same time airline hiring increased from 2552 annually to 7840. In 1986 these percentages dropped further to 46 and 56 while airline hiring stayed high at approximately 7200.

I think the impact of increased airline hiring is further evidenced by the drop in sign-up percentages for those first eligible for the bonus starting in 1984. The percentages go from 55 in 1984 to 39 in 1985 to a low of 35 in 1986. This is, I believe, the first true test of the

bonus and how well it is received. The first two years, in 1981 and '82, were not true indicators. First, too many people over too wide a spectrum were eligible and second, those were poor economic years with low airline hiring. In the high airline hiring years of '84 through '86, we see not only the traditional drop in pilot retention rates for both services; but also a substantial drop in the percentage of sign-ups for the continuation bonus. If the airlines continue to hire at a high rate in 1987 and beyond then the bonus will be severely tested and possibly found lacking.

FUTURE OUTLOOK

Pilot hiring projections developed by Future Aviation Professionals of America (FAPA), an aviation career information service, indicate that the continuation bonus will get a severe test in the years to come. FAPA projects that up to 6000 pilots annually will be hired by the airlines through the year 2000. These projections are based on a 4-5 percent annual expansion growth added to the number expected to retire.(26:97)

The airline pilot's union, Air Line Pilots Association, has plotted out projected retirements, based on pilot's ages, to show a steadily increasing line going from a low of about 400 per year in 1986 to 1100 a year in 1993 up to 2000 annually by the year 2000.(27:145) This is based on the current mandatory retirement age of 60. There has been talk around for years that this age should be increased

to 65 or done away with entirely and base retirement on medical exams; but the Federal Aviation Administration (FAA) has held firm. In 1985, the FAA told Congress that it would evaluate medical tests for pilots to see if the arbitrary age limit should be dropped in favor of tighter medical qualifications.(26:101) So far, no change though. If this were to happen, it would slow down or delay the hiring demand but eventually those pilots are going to retire and need to be replaced.

Another factor in the pilot demand projections by FAPA is that airlines are trying to push for more utilization of their expensive aircraft. They desire to increase the utilization rate from about eight hours a day to 10 hours or more a day.(26:100) Additional pilots will be needed to fly those hours. Nor is the shift to new two-man cockpit airplanes going to have much effect on pilot demand. This is because the replaced older three-man cockpit airplanes are tending to be bought by the newer or smaller airlines or air freight companies and thereby add to the overall requirement.(26:101)

Another alternative is provided by corporate aviation, primarily executive jet or turbo-prop flying. With only limited expansion, corporate opportunities are not providing a pilot demand directly, but since the airlines are hiring a lot of corporate types--up to 32 percent of those hired in 1985 had corporate experience--there is a

need for replacement of these pilots. The corporate flying jobs cannot compete with the airlines for wages, since they pay an average salary of about \$48,500 for a jet captain and about \$41,000 for a turbo-prop captain. They do offer excellent benefit packages and job stability though.(27:148) These corporate positions can offer a viable alternative to a young service pilot concerned with his flying career, benefits or family separation.

That service pilots are concerned about their career and benefits was brought up in an interview with Air Force Times by Assistant Secretary of the Air Force (Manpower, Reserve Affairs and Installations) Tidal McCoy. He said that Air Force pilots are again indicating on surveys that troublesome questions about military retirement, pay, spouse careers and frequent reassignments are the main reasons they are considering leaving the service.(28:1,24)

In another interview with Air Force Times, McCoy also said that the Air Force would try to increase flight pay about 20 percent in FY-87. Flight pay was viewed as a major retention factor and any new increase would probably be targeted at the six to eleven year group vice across the board. McCoy also said the Air Force had once again looked at an aviation continuation bonus at the Secretary of Defense's request; but had again rejected it for the desired increase in flight pay.(29:1)

That brings us up to today and the services do have a pilot retention problem that looks like it will get worse before it gets better. My research has lead me to several conclusions and some recommendations concerning this retention dilemma.

CONCLUSIONS

- * Both the Air Force and Navy have a pilot retention problem today and will as long as the airlines continue to hire.
- * Barring a long or deep recession, airline hiring will continue heavy through the 1980's and '90's; thereby putting pressure on pilot retention.
- * The early continuation bonus was targeted at the wrong people; some with too much time in, and others, like NFO's, with no evident retention problem. It was therefore a waste of money in its first two years.
- * The bonus was approved at the wrong time; it was too late to help the retention problem of the late 1970's and really was not needed in the 1981-82 timeframe since the airlines were not doing much hiring. Retention would have recovered without a bonus.
- * The continuation bonus initially did not raise the Navy retention rate anymore than the Air Force rate did without it. Granted, since the two services do not measure their retention in the same way, the rates do not directly corrolate; but the percentage increase and rate of increase in each can be measured.
- * The Navy retention rate is not dropping as fast as the Air Force rate now that the airlines are hiring heavily again. So the bonus appears to be having some effect.
- * More effort is needed to calm the concerns pilots have with their career benefits and job satisfaction. More monetary efforts directed at retention might help; after all, this is an all voluntary force.
- * Congress must be made aware of the impact on retention by their continual sniping at the military retirement system and their micro-management attempts of the military personnel system.

RECOMMENDATIONS

In an effort to combat the draw of the airlines the following recommendations are provided. We can only blunt it because we can not compete with them in time off or staying in one place as a draw.

- * The Navy continue its bonus and make it available to all pilots but no NFO's.

- * The Air Force institute a continuation bonus for pilots.

- * Both services direct the bonus to the six to eight years of service group and make the minimum extension four years and the maximum either six or seven years. This gets your pilot to around the 12 to 14 year point when he will likely be a mid-grade O-4 and can be expected to stay around.

- * The amount of the bonus should be \$8,000 per year with half available up-front. This would then give a young pilot some real serious comparisons to make.

- * The services should campaign hard for a flight pay increase to start at the sixth year of aviation service point and continue at the increased rate until the 16th year when it could start to decrease.

- * The services should re-think their permanent change of station policies and encourage "homesteading" when possible. That is, pilots should not be moved so often and especially not when to the same type airplane in another locale.

FISCAL YEAR	PILOT RETENTION RATES PERCENTAGES		AOCF SIGN-UP % OF THOSE FIRST ELIGIBLE	AIRLINE HIRING	
	AIR FORCE	NAVY		CALENDAR YEAR	TOTAL HIRES
79	26	31	AOCF NOT AVAIL.	79	3300
80	42	30	AOCF NOT AVAIL.	80	850
81	54	42	85	81	1080
82	68	45	85	82	1050
83	78	58	AOCF NOT AVAIL.	83	2552
84	72	56	55	84	4754
85	59	53	39	85	7840
86	56	46	35	86	7200 (Approx).

APPENDIX

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